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Survey of 1962

CANADIAN TOBACCO PRODUCTION AND TRADE

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SURVEY OF 1962 CANADIAN TOBACCO PRODUCTION AND TRADE

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MAJOR DEVELOPMENTS

There were 10 major developments of the Canadian tobacco industry in 1962.

1. There was a rapid shift to machine tying of flue-cured.

2. There was an expansion of flue-cured production in the Maritime Provinces at the same time that the Ontario Flue-Cured Tobacco Growers' Marketing Board had problems with stocks of 1961 "no-sale" tobacco. Stocks of "no-sale" tobacco from the 1962 crop had reached about 19 million pounds out of 107 million sold through March 7, 1963. ("No-sale" tobacco is that for which the buyers do not offer a price that the farmers will accept. Such tobacco is then purchased by the Marketing Board and processed and handled by it.)

3. In 1962 the Ontario Flue-Cured Tobacco Growers' Marketing Board made its first attempt at direct exports of surplus stocks owned by the Board. These efforts are continuing.

4. The Ontario Flue-Cured Marketing Board members voted to levy a charge of 2 cents per pound on all tobacco sold in order to finance the purchase and packing of "no-sale" tobacco. It became obvious that much more than the $3.5 million that would be collected on a crop of 175 million pounds was not likely to be adequate to handle the "no-sale" stocks.

5. As 1962 progressed, the Ontario Flue-Cured Growers' Marketing Board had intensified efforts to secure direct government action in regard to price supports for "no-sale" tobacco. The Ontario Provincial Government agreed to guarantee bank loans to the Ontario Flue-Cured Marketing Board for the purchase of "no-sale" tobacco.

6. Uncertainty exists regarding future policies pertaining to production controls and pricing, particularly as some representatives of the tobacco industry apparently have questions about authority of the Ontario Flue-Cured Tobacco Growers' Marketing Board to control production and cultural practices.

7. In the summer of 1962 Ontario flue-cured areas suffered numerous and severe hail storms, with much resultant damage.

8. Canadian flue-cured production and exports have been increasing, but the reduction in acreage allotted for 1963 will mean at least a temporary pause in this trend.

9. There is a continuing shift to production of light cigarette-type burley.

10. Burley production, however, fell considerably short of the 1962 targets set in allocations by the Ontario Burley Growers Marketing Association. This resulted mainly from farmers' anticipating higher net returns from the production of alternative crops as compared to those in prospect for burley tobacco. The average price to growers for the 1962 crop was set at 41 cents per pound compared to 37 cents for the 1961 crop, which improves the outlook for burley production relative to other competitive crops. However, this does not improve the prospects for Canadian exports of burley.

This report covers only highlights and the most significant recent developments. A more complete presentation of basic data and information on the Canadian tobacco industry is given in FAS-M-29 "Canadian Tobacco Production and Trade," USDA, January 1958.

The greatest emphasis on flue-cured tobacco in this report is given to (1) the increase in use of machine tying and (2) new producing areas in the Maritimes (New Brunswick, Nova Scotia, and Prince Edward Island).

The most important aspect of burley production is the competitive position of this tobacco in relation to other crops.

FLUE-CURED PRODUCTION

Ontario

In Ontario, production of flue-cured is allocated and controlled, and marketing is through three auction warehouses which use the Dutch Clock Auction System. These auction warehouses are owned and operated by the Ontario Flue-Cured Tobacco Growers' Marketing Board.

Ontario 1962 flue-cured production is estimated at 175 million pounds from 116,571 acres.

The 1962 growing season in Ontario was unusual. The weather was good in the early part of the season until about June 20. From June 20 until about August 23, unusually cool weather did not afford the higher temperatures required to produce good quality flue-cured.

There was also considerable loss and damage caused by hail and frosts in early September. The actual loss in tobacco because of hail was virtually impossible to estimate. The damage was severe, but the monetary loss depended partly on the level of protection which the producer had through hail insurance. With the hail occurring mainly before July 15, the top leaves were frequently free of damage. Some of the tobacco that was hail-damaged cured quite well, although there was usually a green or dark strip around the edge of the flaps where hail hit the leaves.

The most important recent development in flue-cured production in Canada is the use of tying machines. The author expects use of tying machines to expand rapidly to most farms. There is a significant net saving in harvest cost compared with hand-tying, and less experienced or totally inexperienced workers can do the job fairly satisfactorily after only a few hours training. The entire operation is not subject to interruption, as is the case with hand-tying when the tyer is sick, or for other reasons does not appear for work. Because of its great importance, machine-tying is discussed separately at the end of this section of flue-cured tobacco.

High Investment and Cash Operating Costs.--While Canadian production of flue-cured continues to expand, high investment and cash operating costs are required. Current investment and cash costs of production in Ontario are very high, and weather risks are fairly great. Even where

TABLE 1.--Canada: Acreage and production of leaf tobacco by types, average 1957-61, annual 1961 and 1962

Type	Acreage			Production		
	Average 1957-61	1961[1]	1962[2]	Average 1957-61	1961[1]	1962[2]
	Acres	Acres	Acres	1,000 pounds	1,000 pounds	1,000 pounds
Flue-cured						
Ontario.....	119,053	122,287	116,571	172,201	190,164	174,856
Quebec.....	5,479	5,439	5,300	5,076	5,120	5,565
Others.....	62	163	509	68	157	500
Total.....	124,594	127,889	122,380	177,345	195,441	180,921
Burley						
Ontario.....	[3] 4,575	3,681	4,569	[3] 5,259	6,516	7,000
Dark						
Ontario.....	441	750	500	623	984	750
Cigar						
Quebec.....	3,980	4,418	3,000	1,709	5,584	3,900
Pipe						
Quebec.....	932	1,224	660	3,990	1,196	825
Total	134,522	137,962	131,109	188,926	209,721	193,396

[1] Revised.
[2] Preliminary.
[3] No burley was grown in 1960.

Source: C.D.A. Tobacco Crop Report, October 12, 1962.

the land is already owned, in order to equip a "new farm" for flue-cured tobacco production it probably costs an additional $35,000 in investment (kilns, greenhouses, packshed, machinery and equipment) to produce 35 acres of flue-cured per year.

Hail insurance is expensive, varying from 7 to 15 percent. Yet it is risky not to have it. Frost damage is not unusual. Harvest labor rates are $12 to $14 per day.

Many of those who purchased their farms several years ago when prices were lower, and those who fully own their farms, are making good incomes despite the high degree of weather risks and other types of hazard.

Frequently farmers who have recently purchased farms at $75,000 to $100,000 and have large mortgages, experience considerable difficulty from lack of adequate financial reserves to stand losses when hail, frost, and so forth, severely damage the crop.

On the other hand, with good management and a good growing year, excellent profits are made. Also, additional farmers are seeking approval to produce tobacco, which indicates that it is relatively attractive.

Because of the great amount of hand labor required, the producers with large family labor supplies usually have the lowest cash production costs, and thus a better chance of paying for the farm in a relatively short period than those depending on sharecropper assistance, or mainly on hired labor.

Production Controls.--There have been recent policy actions by the Ontario Flue-Cured Tobacco Growers' Marketing Board and Ontario Provincial Government that will have an important impact on the Canadian tobacco industry. In late 1962 the Ontario Provincial Government passed legislation further implementing the Farm Products Marketing Acts, requiring that flue-cured tobacco on which MH-30 had been used must be so labeled on the auction floors. There are no price supports on tobacco on which MH-30 is used.

In 1963, 60 percent of the basic acreage is to be grown. The basic flue-cured tobacco acreage in Ontario is about 152,200 acres and is calculated as the acreage of soil types on the tobacco farms that is classed as suitable for tobacco production (not on the historical acreage of tobacco grown). This means that in 1963 there will be allotted about 91,000 acres. This is approximately 20 percent less than the 116,571 acres of flue-cured grown in Ontario in 1962. There are to be no allotments to new growers in 1963. Since the announcement of this action, the prices and demand for the 1962 crop have greatly strengthened.

Quebec

There are no controls on tobacco production in Quebec Province, and tobacco is sold through individual direct bargaining between the farmer and the tobacco buyer. In October 1962, output was estimated at 5,565,000 pounds compared to 5,120,000 in 1961. The planted area, at 5,300 acres in 1962, was the smallest in several years.

In the Joliette area, flue-cured production in 1962 decreased slightly, in part as a result of increasing competition of truck crops for sale in the nearby Montreal market. There is also greater competition from expanded production of other crops such as corn and potatoes.

In the Three Rivers area, the decrease in production in 1962 appears to be a result of (1) weather risks, especially the short growing season because of both late spring and early fall frosts and (2) increased attraction of competitive crops, particularly vegetables.

The Maritimes

Recently production of flue-cured has been extended to the Maritimes. This is still somewhat in the experimental stage, but in some areas it has progressed sufficiently so that production could be expanded rather rapidly. There are no production controls and the crop is sold through direct bargaining between the farmer and tobacco companies. The tobacco companies as well as local government officials are encouraging introduction of this new cash crop to the areas.

New Brunswick (Rexton-Richbucto Area).--In 1962, 10 farms in New Brunswick produced 110 acres of tobacco.

A rather brief and summary observation of the area by the author leads him to believe that there may be a rather limited potential for immediate expansion of tobacco production. There appears to be considerable weather risk involved in the Rexton and Richbucto areas of New

Brunswick which are about five miles west of the Northumberland Straits. While significant areas of soil suited to tobacco culture are available, the growing season is short and most of the area is in forests and is likely to continue to be devoted to timber production for some time.

The area of well-adapted soils is estimated by Canadian specialists at over 20,000 acres, but studies have not yet precisely established the area of suitable soils. With the flat terrain and the open fields now available currently surrounded by timber, poor air drainage increases the weather risks. Labor is plentiful and alternative employment opportunities scarce, so successful profitable cultivation of any new cash crop would be attractive. Observation of crops in the field in the last week of August 1962 indicated that quality and yields were not particularly good. However, it should be noted that because of the unusually cold and wet weather in July and August of 1962, this was a poor year to evaluate probable longer-term results.

Nova Scotia (Kentville Area).--In 1962, on 6 farms in the Kentville area of Nova Scotia about 144 acres of flue-cured were planted. In 1961, 63 acres of tobacco were reported.

The present producing farms in the Kentville area appear to have soils that are well suited to flue-cured tobacco production. However, the area of well-adapted soils with an adequate frost-free period appears relatively small.

According to Canadian agricultural specialists, Nova Scotia has approximately 10,000 acres of soils suited to flue-cured production. On the basis of a two-year rotation, there could be a maximum of 5,000 acres of tobacco per year and this may be overestimated, as part of the area of suitable soils may be subject to frequent frost damage. Because of the early frosts in most of these areas, it may not be possible to reach the potential estimated unless plant breeding significantly reduced the growing period required.

The main competitive crops are potatoes, apples, and oats. Farmers report that production of potatoes and apples recently have not been particularly attractive because of prices received. Production of strawberries, peas and other truck crops is increasing. Labor is relatively plentiful, which means that with favorable returns farmers would probably shift readily to alternative cash crops such as tobacco.

Quality of the crop in the field about September 1 was rather good, but the harvest was late, primarily because of prolonged cold and wet weather in July and August. However, weather conditions were fairly good after August 20.

Because weather was abnormal in this growing season, results in 1962 provide a poor basis for judging the long-term potential.

Prince Edward Island.--In 1961, about 100 acres of tobacco were grown, whereas in 1962 about 300 acres were grown on 20 farms.

Presently flue-cured tobacco is being produced in three widely separated areas. There are very large areas of soils that appear suitable for flue-cured production. This soil is formed mainly from reddish sandstone. The frost-free period is considerably longer than the frost-free periods in New Brunswick and Nova Scotia, and is also longer than in certain producing areas of Ontario. It was not feasible for the author to estimate potential production, but it would appear to be rather large. Estimates, by Canadian specialists, of the area of adapted soil types vary from less than 50,000 acres to about 95,000 acres.

Color and texture of the 1962 crop appeared satisfactory. However, climatic conditions--especially the relatively low average temperatures and particularly the low night temperatures--would appear to limit the flavor and aroma. There was a very poor growing season in 1962, as it

was abnormally cold and rainy. As in the other Maritimes, 1962 was a poor year on which to base estimates of long-term prospects.

The labor supply is more plentiful than in the Ontario producing areas, and each year young workers leave Prince Edward Island to find jobs elsewhere in Canada and in the United States. The main competitive crops are potatoes, oats and dairy products with increasing production of vegetables, strawberries, and so forth, mainly for processing. Potatoes are not attractive because of recent prices, nor dairy products because there are surpluses and large producer subsidies. Because of these, there are incentives to shift to other cash crops such as tobacco if production is profitable.

In the current new producing areas in the Maritimes, the initial investment in land and the cost of lumber for building curing barns, as well as wage rates, are currently well below those in Ontario. However, wage rates are rising in the Maritimes, and with a sharp expansion in tobacco acreage the prices of well-adapted land are expected to rise significantly.

Production Costs

The Canadian flue-cured production is considered large-scale tobacco farming, as on the typical tobacco farm in Ontario about 37 acres of tobacco have recently been grown; this will be reduced about 20 percent in 1963.

A representative of the Canadian tobacco industry estimated that in 1961 the production cost of flue-cured tobacco in Ontario was about $22,400 per farm or $606 per acre of tobacco grown. About 55 percent, or $12,110, of this total production cost is estimated as direct labor costs. This means that efforts to reduce labor requirements and labor costs offer the greatest opportunity for lowering total production costs.

It is for this reason that Canadian tobacco growers are putting more emphasis on methods and practices for reducing labor costs. One of these is machine-tying to replace hand-tying.

On the basis of such costs and a net profit of $165 per acre of tobacco, the total profit on 37 acres of tobacco would be $6,105. This is far above the average profits of U.S. tobacco farmers. However, this is a low percent of profit in relation to a return on a total investment of $75,000 to $100,000, and production of a crop requiring high annual cash costs of about $19,000 per farm.

Also, the profit shown in the table below would need to be considered in relation to an average loss of 5 to 10 percent because of hail and frost damage in Ontario. On the other hand, with a price received by farmers of 50 cents per pound (about the 1961 average) rather than the 41 cents used in the estimates by Mr. Glendenning (table below) profits would be increased from $6,105 per farm to $11,433. With yields of 1,800 pounds per acre rather than the 1,600 pounds used by Mr. Glendenning, in the table, profits would be increased to about $13,000 to $14,000 per farm.

Harvesting and Machine Tying

The mechanical tying of tobacco is a most dramatic development recently in production of flue-cured tobacco in Canada. In 1962 there were four companies manufacturing tying machines and several farmers had homemade machines.

About 30 to 40 acres of tobacco are grown on the typical Ontario tobacco farm. This means that it is economically feasible to use tying machines on most tobacco farms.

TABLE 2.--Cost of growing flue-cured tobacco on an average-size farm in Ontario[1]

	Total	Per acre
	U.S. dollars	U.S. dollars
Fertilizer	1,170.40	31.64
Fuel for vehicles	638.40	17.36
Labor for planting, harvesting, and grading	12,110.00	327.60
Seed bed fumigation and services	182.00	4.76
Hail and other insurance	1,624.00	43.68
Curing fuel[2]	750.00	20.00
Paper and string	162.40	4.48
Repairs and renewals of machines and buildings	1,148.00	31.08
Electricity and telephone	165.20	4.48
Marketing Board Commission	1,338.40	36.12
Accountant	142.80	3.92
Loan interest	302.40	8.12
Depreciation	2,688.00	72.52
Total expenses[2]	22,422.00	605.76

[1] From an article by M. K. Glendenning. Mr. Glendenning is editor of the "Canadian Tobacco Growers." His article was expressly written for it appeared in "Tobacco Forum of Rhodesia and Nyasaland" May, 1962. [2] It appears that the author of this table did not include at least one cost (fuel for curing). This item is estimated at $650 to $850 per farm and has been added to the costs calculated by Mr. Glendenning.

The tying machines in use in 1962 generally retailed for $2,200 to $2,600. With larger volume production of the machines the retail price probably could be reduced significantly. Use of these machines offers a number of advantages compared with hand-tying. The 1,200 sticks (about 2,500 pounds) needed to fill a barn can be tied and stored by 4 to 5 p.m. in one day's operations. With the use of a tying machine some farmers finished filling a barn by 3 p.m., in one day. While six to seven primers are working in the field, a crew of five or six is used at the barn in tying and housing the tobacco. One man takes the tobacco from the sled (or leaf boat) and places it on a board at the tying machine. Three to four other workers, usually women, then place the leaves on the conveyor of the tying machine. One man removes the tied stick from the tying machine whence he places it on the elevator, which moves it up into the kiln (barn). Another worker houses the tobacco in the barn. Wages paid are about $14 per day for primers and tyers, and $10 to $13 for leaf handlers. Youngsters are frequently paid $7 to $10 per day.

Depreciation on this machine probably is about 7 or 8 percent and maintenance $25 to $30 per year. The author estimates that the net saving in harvest costs by use of these machines is $40 to $50 per barn filled (1,200 sticks). This means that a farmer could expect use of a machine to result in reduced costs sufficient to pay for the machine by harvesting approximately 60 acres of tobacco. In some years, greater speed of harvesting may save part of the crop that might otherwise be damaged by frost. In such a case, there would be this additional advantage to use of the tying machines.

It might be noted that Canadian manufacturers report that by August 1962, about 480 machines had been sold in the United States, and that Canadian companies are now investigating the possibility of manufacturing tying machines in the United States. One representative of a Canadian company indicated that he thought there was an immediate potential sale for about 5,000 tying machines in the United States, and that additional machines could be sold primarily for custom work.

BURLEY PRODUCTION

The latest estimate indicates 1962 production of burley at approximately 7 to 7.5 million pounds. This is well below the level planned earlier for 1962, but is the highest level since 1949.

The price set by grades for the 1962 crop is expected to result in an average price to growers of about 41 cents per pound compared with 37.2 cents for the 1961 crop.

In Canada, (contrary to the situation for flue-cured) burley production is small-scale. There is an average of about 2.5 acres of burley grown per farm and it is often a secondary crop to the main cash crops of fruit, vegetables, grains or soybeans.

About 95 percent of the cigarette type leaf is Burley I.

Ontario

Physical characteristics of Canadian burley are good, but it has much less aroma and flavor than U.S. burley.

In 1962, of the 8,768 acres allotted to 3,550 members of the Ontario Burley Growers Association, only 4,569 acres were grown by 1,943 growers.

The main economic aspect of production of burley in 1962 in the Ontario growing areas appeared to center around the problem of farmers having little incentive to maintain or expand production at current price-profit relationships for burley compared to the price-profit relationships of alternative crops. The alternatives of raising peaches, tomatoes, and certain other vegetables were apparently sufficiently attractive to shift farmers to increased production of these crops and decreased production of burley tobacco. Also, some farmers apparently found that production of the highly mechanized crops such as soybeans, wheat, and corn was more profitable than tobacco, and that cultivation of these crops apparently fits better into production patterns than burley raising, taking into account the permanent labor supplies currently on most farms. These observations appear to be substantiated by results in 1962, when farmers planted only 4,569 acres of the 8,768 acres allotted for tobacco.

Quebec

In 1958, significant quantities of burley were grown in Quebec Province. Practically none is now produced. There is lack of demand by buyers and there are important production and investment problems relating to the short growing season in the area. Significant new investment is required for greenhouses, if cigarette-type burley is to be grown.

CIGAR AND PIPE TOBACCO PRODUCTION

In October, the 1962 crop of Quebec cigar tobacco was estimated at 3.9 million pounds from 3,000 acres, compared with 5.6 million from 4,418 acres in 1961.

In August 1962, production of Quebec "pipe"-type tobacco was estimated at 825,000 pounds from 660 acres, compared with 1,196,000 pounds from 1,224 acres in 1961.

The cigar crop around St. Jacques, Quebec, appeared good in late August. This is almost entirely Havana-seed type. Production in 1962 was reduced chiefly because recent output had been greater than demand, and stocks had accumulated.

It is estimated by a Quebec tobacco specialist that the current demand is for approximately 6 million pounds of Canadian cigar-type tobacco and one million pounds of Canadian "pipe" type leaf.

There apparently is a current trend in demand in Canada for lighter, thinner cigar leaf that has less gum and is less ripe than that formerly desired. In 1962, in cooperation with manufacturers, plots of high-topped cigar tobacco were grown. This was to have been harvested 8 to 12 days after topping.

EXPORTS

Flue-Cured

Canada is the fourth largest exporter of flue-cured tobacco, following the United States, the Rhodesias, and India. Since 1955, approximately 21 percent of Canadian production has been exported. Shipments are mainly to the United Kingdom, but they are increasing to other areas. Exports in 1962 established a new high.

Exports of flue-cured amounted to 44.0 million pounds in the first 9 months of the year compared with a total of 37.4 million for all of 1961. It is significant that in the first 9 months of 1962 about 10.9 million pounds, or one-fourth of all exports, were shipped to countries other than the United Kingdom, whereas a total of only 4.2 million pounds were exported to markets other than the United Kingdom in 1961.

Flue-cured accounts for over 95 percent of Canadian tobacco exports, but exports of burley have increased somewhat.

The thinner, less flavorful, grades of Canadian flue-cured have recently demonstrated that they are competitive with the product of certain other suppliers to continental European markets, especially Germany. These grades apparently are not in strong demand by Canadian manufacturers. Canadian prices for these qualities of Canadian flue-cured are currently relatively more competitive than formerly, as the prices of the qualities that are similar (but not identical) to those supplied by the Rhodesias, India and other sources have recently risen significantly. Canadian flue-cured exports to the United Kingdom have been facing increasing price competition problems, partly because the United Kingdom demand for Canadian flue-cured is primarily for the heavier-bodied, more flavorful, grades which are likewise in greatest demand for Canadian manufacturers.

Burley

In 1962 there were strong efforts to increase production and exports of Canadian burley. There is a potentially larger foreign demand for Canadian burley, but only at a certain price range relative to the prices of U.S. and other burleys.

The price of Canadian burley is higher than the prices of the neutral burley from Japan and the various qualities from the Federation of Rhodesia and Nyasaland. The average price received by farmers was 37.2 Canadian cents per pound (expected to be about 41 cents for the 1962 crop)

TABLE 3.--Canadian exports of unmanufactured tobaccos by kind and country of destination, averages 1945-49, 1950-54, 1955-59, annual 1960-1962

Kind and country of destination	Average			1960	1961	1962[2]
	1945-49[1]	1950-54	1955-59			
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Flue-cured:						
United Kingdom	12,557	22,958	26,753	28,569	33,632	34,467
British Guiana	183	199	364	451	14	115
Barbados	227	258	254	180	84	90
Jamaica	940	1,038	1,385	932	597	624
Trinidad and Tobago	910	1,138	1,356	1,118	689	844
Leeward and Windward Islands	97	69	10	11	3	5
Australia	--	1,787	1,288	80	629	973
Belgium-Luxembourg	10	413	228	337	413	505
Netherlands	3	489	751	55	26	1,092
Portugal	40	75	128	39	72	48
West Germany	--	[3] 98	1,906	1,176	554	4,536
Ireland	--	([4])	113	11	48	59
Finland	([4])	([4])	([4])	([4])	([4])	151
Denmark	([4])	([4])	104	54	243	77
Norway	([4])	([4])	([4])	([4])	([4])	107
United States	([4])	([4])	([4])	1,372	336	1,269
Other countries	38	160	444	88	44	321
Total	15,005	28,682	35,084	34,473	37,384	45,283
Burley:						
United Kingdom	1,053	732	997	1,484	109	849
Netherlands	--	44	71	239	--	232
West Germany	([4])	([4])	[5] 133	--	68	2
Finland	([4])	([4])	[6] 15	--	--	([4])
Hong Kong	([4])	([4])	[7] 27	--	52	([4])
Norway	([4])	([4])	--	59	150	([4])
Portugal	([4])	([4])	--	190	116	214
Denmark	([4])	([4])	([4])	([4])	([4])	50
Other countries	175	24	196	144	27	13
Total	1,228	800	1,439	2,116	522	1,360
Other unmanufactured:						
United Kingdom	289	163	115	314	30	103
Leeward and Windward Islands	70	65	47	([4])	1	2
Australia	([4])	([4])	--	--	23	13
Other countries	11	294	24	11	108	[8] 206
Total	370	522	186	325	162	324
Grand Total	16,603	30,004	36,709	36,914	38,068	46,967

[1] Does not include shipments to Newfoundland, which became part of Canada on March 31, 1949. [2] January-October 1962. [3] Exports occurred in only one year (1954 - 492,000 pounds). [4] If any, included in other. [5] Exports occurred in only 2 years of the five-year period. [6] Exports occurred in only 2 years of the five-year period. [7] Exports occurred in only 3 years of the five-year period. [8] Includes 205,000 pounds exported to the United States.

which is well below the average price of U.S. burley. However, Canadian burley has less flavor and aroma (very important properties to burley importers) than has U.S. burley.

On the basis of the 1961 Canadian burley prices in relation to the 1961 prices the U.S. burley, it seems probable that Canadian exports would be further encouraged. However, in view of the prices received for certain grades of U.S. burley in 1962, the foreign demand for Canadian burley on the basis of 1962 Canadian prices may continue to be limited. With higher prices required to expand Canadian production of burley, Canada is likely to continue to experience a price-quality problem (relative to other sources of supply) in an attempt to expand Canadian burley exports.

On the other hand, in Canada the average price of burley is well below the price of flue-cured, so use of burley in a blended cigarette, or of small percentages of burley in "straight-Viriginia" cigarettes, seem to offer opportunities for increasing burley utilization in Canada. Of course, consumer acceptance is crucial if this development is to be of significant magnitude in the future.

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